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MAHATHIR-ALTERNATIVE ENERGY

OIL INDUSTRY SHOULD LOOK FOR ALTERNATIVE SOURCES OF ENERGY, SAYS PM

KUALA LUMPUR, May 29 (Bernama) -- Prime minister Datuk Seri Dr Mahathir Mohamad said the oil and gas industry must lead in the search for alternative sources of energy to be well prepared in facing the depleting energy resources around the world.

He said if there was a need for the oil companies of the world to pool their resources to finance the research and development (R&D) of an alternative fuel, now was the right time to do it.

"When oil prices rose to a reasonable high during the first oil crisis, there was a sense of urgency to search and develop alternative energy," Dr Mahathir said when opening the fifth Asia Oil and Gas Conference here today.

He said the oil and gas industry had become complacent with new oil fields being found that would last hundreds of years.

"So, there is no urgency (to explore new oil fields)," he said, adding besides it could affect the profitability of the petroleum companies.

Perhaps the answer, he said, was for the government to step in by contributing a proportionate percentage of their royalties and revenue to finance the necessary research.

He told newsmen after opening the conference Malaysia was not affected economically by the fluctuation in oil prices as it was not really a big producer of crude oil.

"For us, oil is only a small section of our economy. We are not dependent on oil," he said.

He said Malaysia relied on palm oil for a big chunk of its economy as it produced 10 million tonnes of the commodity every year.

On export, the electronics sector contributed 80 percent of Malaysia's total export per annum.

Therefore, whether the oil price went up or down, it would not affect the local economy, the prime minister said.

However, he stressed that Malaysia, as an oil producer managed by the national oil corporation Petronas, always wanted a fair market price.

"But, we do feel sympathy for the very poor countries which cannot afford a very high (oil) price," Dr Mahathir said. Currently, the price of crude oil was above US\$25 per barrel.

On another note, Dr Mahathir said Malaysia was willing to work with Indonesia in oil production if the opportunity came along.

"If Indonesia accepts us, we will like to go there," Dr Mahathir said in response to a query whether Malaysia, through Petronas, would enter into an alliance with the Indonesian national oil corporation Pertamina.

Meanwhile, he said Malaysia produced 650,000 barrels per day which were sufficient for local demand, with a little leftover for export to some countries.

At the press conference, Dr Mahathir raised the concern about the formation of new alliances and mega mergers among giant oil companies, which were becoming a threat to national oil corporations (NOCs), mostly in Asia.

He questioned whether the NOCs would remain relevant in the phase of these new alliances and mega mergers in the industry.

"Would they (NOCs) be gobbled up by its new and more powerful sisters, would they seek alliances and strategic partners or can there be niches they might build for themselves?"

He pointed out if the NOCs chose any of the above, "how should they function in a system in which production, prices, policies, technologies, etc, were dominated and dictated by the few merged giant entities".

He said over the last three years, the oil industry had seen a few mega mergers involving BP-Amoco, Exxon-Mobil, Total FINA-ELF and BP-Amoco-Arco.

Dr Mahathir also said Malaysia was still uncertain whether it wanted to forge a close relationship with the world's merged oil giants.

On the Petronas-Proton deal, Dr Mahathir could not determine when the agreement between the two companies would be signed.

He said an agreement would be signed as soon as both parties had agreed on the pricing. "I noted there were some problems on the price," Dr Mahathir added.

He also said he was aware that Proton needed a huge financial outlay to support its operation and develop new cars. -- BERNAMA

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